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In the Supreme Court of the United States

OCTOBER TERM, 1965.

No. 366.

McCULLOUGH TOOL COMPANY, *et al.*,

Petitioner,

vs.

WELL SURVEYS, INCORPORATED, *et al.*,

Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO MOTION FOR LEAVE TO FILE SECOND PETITION FOR REHEARING.

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The original Petition for Writ of Certiorari in this case was denied on March 7, 1966. The first Petition for Rehearing was denied on May 16, 1966.

Petitioner's present motion for leave to file a second petition for rehearing was filed November 23, 1966, eight months after denial of the original petition for certiorari, and in a later term. In absence of special leave—which Petitioner is asking this Court to grant—the present petition is clearly out of rule under Rule 58(1), (2) and (4).

Respondent recognizes that this Court has the power, in the interests of justice, to grant leave to file petitions for rehearing out of rule, and that this power is sometimes exercised where this Court has granted certiorari to review a decision from another circuit, which is directly contrary to the decision in question. *United States v. Ohio Power Co.*, 350 U. S. 98 (1957).

We submit, however, that such leave should be granted only when the conflict between the decisions is clear, and the injustice of adhering to the rules would be real—particularly in cases which have been pending as long as this one.

Some of the language of the Sixth Circuit in the *Rocform* case may arguably be inconsistent with some of the language of the Tenth Circuit in the instant case. However, we wish to point out to this Court that there is no conflict between the *decisions* in the two cases.

In *Rocform*, the only license ever offered by the patentee to the trade was the package license in which the royalty continued undiminished, without right of cancellation, after the principal patent expired. 189 licensees had taken licenses in this form, and the Court had found that the patentee had attempted to coerce its acceptance.

The situation in the instant case is entirely different. In the spring of 1956, Petitioner offered publicly to license any or all of its patents individually on negotiated reasonable terms, and offered all its existing licensees the opportunity to terminate their existing agreements and negotiate new ones on reasonable terms covering any patents the licensee desired. The District Court found in Finding 120 (Appendix to original Petition, page 108a):

> "After June 1, 1956, WSI has been willing to grant licenses under its patents individually or collectively upon negotiated reasonable terms. While after June 1, 1956, prospective licensees were urged to accept license under one of the package forms of license, this was done as a matter of salesmanship upon the theory that the package would best serve the needs of the licensee. There was no coercion of licensees contracting subsequent to June 1, 1956 to accept license under all of the WSI patents unwillingly."

And in Finding 122 (Appendix, page 109a):

> "While the royalty base employed in the standard license agreements made by WSI after June 1, 1956 included or purported to include operations covered by the expired Bender patent, the extension of the royalty base to cover practice of expired patents was not coerced, after June 1, 1956, but was voluntary upon the part of the licensees, who were offered a real alternative by WSI's offer to grant a license under any individual patent or patents upon negotiated terms."

Likewise, the Tenth Circuit stated (at 55a):

> "In both this case and *Hazeltine*, the package license was purely voluntary, and a licensee who did not want the whole package could obtain a license on a reasonable basis covering any particular patent he did want."

There is no conflict between the decision in the *Rocform* case and in the instant case, and we submit that Petitioner's motion for leave to file a second petition for rehearing should be denied.

In the event that the Court sees fit to grant Petitioner's motion, we desire the opportunity, in opposition to the Petition for Rehearing, to point out more fully the many differences between the two cases.

Respectfully submitted,

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